

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Priority Mail Contract 160 (MC2016-29)
Negotiated Service Agreement

Docket No. CP2016-35

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE OF AMENDMENT
TO PRIORITY MAIL CONTRACT 160

(July 18, 2017)

The Public Representative hereby provides comments pursuant to the Commission's Notice initiating this docket.¹ In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice of a change in the terms of Priority Mail Contract 160.² Attachment A to the Notice consists of a redacted version of the Amendment to Priority Mail Contract 160.

In Order No. 2891, the Commission approved the Postal Service's request to add a new product identified as Priority Mail Contract 160 to the Competitive product list.³ The instant Amendment increases the contract rates, through modification to Sections, I.G, Table A and I.I. Contract 160, as amended, is currently scheduled to expire in approximately 1 1/2 years from the effective date of the amendment.

The Postal Service asserts that the instant Amendment increases prices under the contract and therefore will have a material effect on the cost coverage of Priority

¹ PRC Notice Initiating Docket No. CP2016-35, July 13, 2017

² Notice of United States Postal Service of Amendment to Priority Mail Contract 160, with Portions Filed Under Seal, July 12, 2017 (Notice).

³ See Order No. 2891, Order Adding Priority Mail Contract 160 to the Competitive Product List, Docket No. CP2016-35, December 17, 2015.

Mail contract 160. Notice at 2. The Postal Service adds that as a result, the supporting financial documentation and financial certification initially provided in this Docket is supplemented by the accompanying updated financial model. *Id.* The Postal Service also states that the Amendment will take effect two business days following the day on which Commission completes its regulatory review of this filing. *Id.*

COMMENTS

The Public Representative has reviewed Priority Mail Contract 160 and the Postal Service's Amendments thereto. Based upon that review, and upon data provided by the Postal Service in its FY2016 Annual Compliance Review (ACR), the Public Representative supports Commission approval of the Amendment to Contract 160.

The Postal Service's assessment that the Amendment will materially affect the cost coverage of Contract 160 appears reasonable. The Commission's FY2016 Annual Compliance Determination Report (ACD) indicates that for FY2016, Contract 160 had an actual cost coverage less than 100 percent.⁴ Thus an increase in the contract price as contained in the instant contract Amendment should increase the cost coverage for Contract 160 and help to ensure that it will cover its attributable cost. In addition, the Postal Service must file revenue and cost data for Contract 160 in future Annual Compliance Reports. This data will continue to permit the Commission to annually review the financial results for Contract 160 in future Annual Compliance Determination (ACD) reports for compliance with 39 U.S.C. § 3633(a).

⁴ PRC, Annual Compliance Determination Report, FY2016, P.82

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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